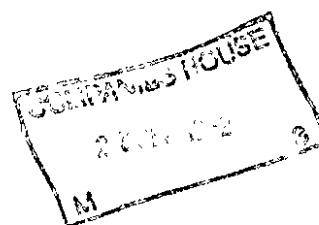


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TNR
GROUP LIMITED



TWR GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
1991

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REPORT FROM THE CHAIRMAN

RESULTS

I am pleased to be able to announce that the performance of TWR Group progressed satisfactorily in what has been a difficult year. Despite many areas of the Groups activities being adversely affected by the current recession, turnover increased by 2% to £110,448,000 and profit before tax increased by 12% to £3,061,000.

DIVISIONAL PERFORMANCE REVIEW

**AUTOMOTIVE
ENGINEERING**

The activities covered by this division now include :-

TWR RACING - The success of the Groups XJR14 race car was rewarded during 1991 with the World Sports Car Championship title. Elsewhere our racing performance was extremely creditable and we were unfortunate not to secure 1st place at Le Mans having finished in 2nd, 3rd and 4th places.

TWR ENGINES - The road-going engine development and manufacturing arm of the Group completed the development phase of the engine for the Jaguar XJ220. In addition it secured the engine production contract for the Jaguar XJ220 project. This contract together with other ongoing projects has provided the division with a strong forward order position in the medium term.

TWR DESIGN - The design and modelling studio, which is capable of operating on both small and large scales, handled a wide variety of projects for leading car manufacturers during the year. The operation benefitted from a full order book throughout the year with many projects continuing into 1992.

TWR MACHINING - Our fully equipped CNC machine shop utilising the latest high technology equipment is now fully operational and continues to gain strong forward orders.

SPECIAL VEHICLE OPERATIONS - A number of prestige projects were undertaken during the year and in particular the completion of the highly acclaimed XJR15. Sales of these cars during the year provided a good contribution to both turnover and profit.

COMPOSITES - The Group's composite activities carried out by Advanced Structural Technology Ltd continued to grow and expand its markets. In addition to securing supplier accreditation for a number of major manufacturers, the company also achieved the BS5750 accreditation.

Turnover of the division increased by 32% to £56,007,000 whilst profit before tax rose by 19%.

The growing importance of this core activity is reflected in both increased turnover and profit with over 50% of the Groups turnover arising from this division alone as well as in excess of 100% of total profit. This strong growth is extremely encouraging at a time when other parts of the Group are being affected by the recession.

REPORT FROM THE CHAIRMAN (CONTINUED)

GARAGES

This division was particularly badly affected by the major down-turn in new car registrations in the United Kingdom. The resultant 19% reduction in turnover does however not reflect the fact that the turnover in the majority of our dealerships decreased by less than the national average. Notwithstanding the decline in divisional turnover, the overall results of the division show an improved performance with a reduction in losses.

The 1991 results include considerable costs of re-organisation and the cost of changes to franchises. The benefits of the re-organisation process, which was largely completed during 1991, should be gained by further improved performance of the division in future years. The completion of the transaction with Silverstone Circuits referred to in the notes to the accounts was the culmination of this re-organisation. The increased capital available from that transaction will allow the Group to further expand its garage activities by both organic growth and acquisition.

The Group continues to adopt a policy of charging its subsidiaries market rents and interest on all capital utilised. This fact must be taken into account when comparing the results of the garage division with many quoted garage groups which have the benefit of either historically low premises costs or the use of shareholders funds carrying no interest charge. In light of this and the current economic climate, the Board is satisfied with the performance of the division.

**INDUSTRIAL
ENGINEERING**

The on-going development of this division has resulted in continued expense being incurred in both research and development and overheads to bring the divisions' various products to their full commercial potential.

The Board made a conscious decision to continue to support product development within the division in the belief that the market potential will be realised over the next two years. The division continues to be carefully monitored with strategy being altered in light of current information.

**ASSOCIATED
UNDERTAKINGS**

The joint venture companies continue to perform in line with Board expectations. The reduction in profit compared to the previous year was due partly to the general economic downturn, but also to the accounting treatment of costs in respect of long term projects which will give rise to profits in later years. These projects should produce an increase in the overall results from associated undertakings in future.

DIVIDENDS

The Company continues to retain all profits in order to fund future growth and expansion of the Group.

REPORT FROM THE CHAIRMAN (CONTINUED)

POST BALANCE SHEET EVENTS

The post balance sheet events outlined in the notes to the accounts represent a substantial step forward for the Group. The Group has secured additional funding in its two core areas of activity, Garages and Automotive Engineering, sufficient to ensure continued growth and expansion.

The availability of this additional capital dramatically improves the Group's financial stability by substantially reducing both bank borrowing and overall gearing.

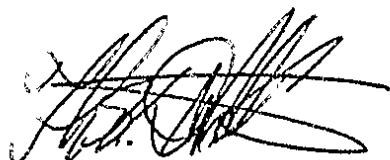
OUTLOOK

1992 continues to be a difficult year for both the Group and the United Kingdom economy as a whole. I am however, confident that the restructuring that has taken place within the Group since the year end will ensure that continued growth and expansion will be possible and that full benefit can be taken from opportunities that will undoubtedly present themselves.

Progress within the Group's divisions continues to be made during 1992 in line with management's objectives, and I am sure that this will reward the Group with strong and growing profit streams in future years.

MANAGEMENT AND EMPLOYEES

I would like to take this opportunity to thank everyone in the Group for all the hard work and commitment shown during the demanding conditions encountered throughout 1991.



T D T WALKINSHAW
Chairman

30th November 1992

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report and the audited financial statements for the year ended 31st December, 1991.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group are that of automotive engineering, garage proprietors, and industrial engineering. The Report from the Chairman provides a detailed review of the activities, development and progress of the Group.

2. DIVIDENDS AND TRANSFER TO RESERVES

The directors do not recommend the payment of a dividend. The Group's profit of £1,900,000 is to be carried to reserves.

3. DIRECTORS

The directors who served during the year and the beneficial and family interests of those serving at the end of the year in the share capital of the Company, as shown by the Register of Members maintained pursuant to the Companies Act 1985, were as follows:

	31 December 1991	31 December 1990
	Ordinary Shares	
T D T Walkinshaw	249,999	249,999
Mrs E P Walkinshaw	1	1
A J Gibson	-	-
R S Silman	-	-

Mrs E P Walkinshaw resigned as a director on 14th November 1992. Mr S Fernback was appointed a director on 17th November 1992 and Messrs A Benetton, F Briatore, M Masetti and G Frassini were appointed directors on 30th November 1992.

The following changes in directors' shareholdings have taken place since 31st December 1991:

- a. On 8th October 1992, the share held by Mrs E P Walkinshaw was transferred to Mr T D T Walkinshaw.
- b. On 9th October 1992, Mr T D T Walkinshaw received a bonus issue of 31 Ordinary shares for every 1 Ordinary share held.

The directors had no interests in the shares of any subsidiary company.

4. FIXED ASSETS

The movements in fixed assets during the year are set out in notes 11 to 13 to the accounts.

REPORT OF THE DIRECTORS

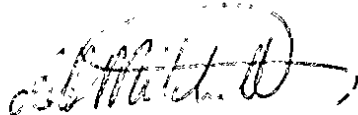
5. EMPLOYEE INVOLVEMENT

During the year the Group continued its policy of full involvement of employees wherever possible. This has taken place through the provision of Company information, consultation on policy issues where appropriate, and the mutual setting of objectives against which performance is measured. The Group takes the approach of maximising performance through the heightening of awareness of Company and Group policies.

6. AUDITORS

A resolution to re-appoint Cook and Partners as auditors will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on its behalf



A D MITCHELL
Secretary

30th November 1992

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

	Note	1991 £'000	1990 £'000
TURNOVER	2	110,448	108,614
Cost of Sales		(83,573)	(87,078)
GROSS PROFIT		26,875	21,536
Administrative Expenses		(19,553)	(14,461)
OPERATING PROFIT		7,322	7,075
Share of profits of associated undertakings		191	1,245
Interest receivable and similar income	6	-	109
Interest payable and similar charges	7	(4,452)	(5,693)
		(4,261)	(4,339)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2 & 3	3,061	2,736
Taxation	8	(1,161)	(536)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,900	2,200
Extraordinary Items	9	-	(532)
RETAINED PROFIT FOR THE YEAR	20	1,900	1,668

CONSOLIDATED BALANCE SHEET
31 December 1991

TWR GROUP LIMITED
and subsidiary companies

	Note	1991 £'000	1990 £'000
FIXED ASSETS			
Intangible assets	11	2,325	2,975
Tangible assets	12	25,161	25,413
Investments	13	14,406	15,052
		<hr/>	<hr/>
		41,892	43,440
CURRENT ASSETS			
Stocks	14	18,451	15,031
Debtors	15	14,737	12,281
Cash at bank and in hand		871	2,609
		<hr/>	<hr/>
		34,059	29,921
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(48,435)	(46,745)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(14,376)	(16,824)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		27,516	26,616
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(7,904)	(8,997)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(539)	(378)
		<hr/>	<hr/>
		19,073	17,241
		<hr/>	<hr/>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	19	250	250
RESERVES	20	18,823	16,983
MINORITY INTERESTS		-	8
		<hr/>	<hr/>
		19,073	17,241
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 30th November 1992.
Signed on behalf of the Board of Directors


T D T WALKINSHAW



A J GIBSON

TWR GROUP LIMITED

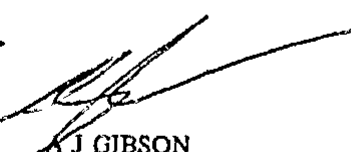
BALANCE SHEET
31 December 1991

	Note	£'000	1991 £'000	1990 £'000
FIXED ASSETS				
Tangible assets	12		5,510	4,687
Investments	13		13,268	9,799
			<hr/>	<hr/>
			18,778	14,486
CURRENT ASSETS				
Stocks	14	2,527		49
Debtors	15	27,548		18,753
Cash at bank and in hand		1,624		2
		<hr/>	<hr/>	
		31,699		18,804
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
	16	(27,580)		(22,778)
		<hr/>	<hr/>	
NET CURRENT ASSETS/(LIABILITIES)			4,119	(3,974)
			<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			22,897	10,512
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
	17		(12,316)	(4,135)
PROVISIONS FOR LIABILITIES & CHARGES				
	18		(320)	-
			<hr/>	<hr/>
			10,261	6,377
CAPITAL AND RESERVES				
CALLED UP SHARE CAPITAL	19		250	250
RESERVES	20		10,011	6,127
			<hr/>	<hr/>
			10,261	6,377
			<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 30th November 1992.
Signed on behalf of the Board of Directors



T D T WALKINSHAW



A J GIBSON

**CONSOLIDATED STATEMENT OF
SOURCE AND APPLICATION OF FUNDS**
Year ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

	£'000	1991 £'000	£'000	1990 £'000
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		3,061		2,736
Adjustments for items not involving the movement of funds:				
Depreciation and other amounts written off fixed assets	3,950		2,137	
Loss/(Profit) on disposal of fixed assets	671		(683)	
Profit retained by associated undertakings	(191)		(1,245)	
		4,430		209
FUNDS GENERATED FROM OPERATIONS		7,491		2,945
FUNDS FROM OTHER SOURCES				
Sale of fixed assets	3,072		4,464	
Reclassification of fixed assets as stock	462		-	
Hire purchase and leases entered into	3,766		1,939	
Taxation received	30		5	
Loans received	312		500	
Subsidiary deconsolidated	268		-	
Subsidiary liquidated	686		-	
Transfer of finance leases to associated undertakings	-		49	
		8,596		6,957
		16,087		9,902
APPLICATION OF FUNDS				
Purchase of fixed assets	7,465		14,697	
Loans repaid	1,287		497	
Goodwill acquired	-		428	
Exchange differences	(12)		255	
Finance leases discharged	4,672		1,105	
Extraordinary items	-		531	
Taxation paid	-		482	
		(13,412)		(17,995)
INCREASE/(DECREASE) IN WORKING CAPITAL		2,675		(8,093)
Funded by:				
Increase in stock	3,420		2,469	
Increase/(Decrease) in debtors	2,456		(2,207)	
Increase in creditors	(2,339)		(8,073)	
Movement in cash and bank balances	(862)		(282)	
		2,675		(8,093)

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with statements of standard accounting practice issued by UK accounting bodies. The particular accounting policies adopted are described below.

a. Accounting convention

The financial statements have been prepared in accordance with the historical cost convention modified to incorporate the revaluation of certain assets. The revalued assets include both freehold property and motor museum vehicles.

b. Basis of consolidation

The consolidated Financial Statements include the accounts of T W R Group Limited and its subsidiaries made up to 31st December each year. The profits and losses of subsidiaries acquired during the year are included from their effective date of acquisition.

Goodwill arising on consolidation, representing the difference between the consideration given for shares in subsidiary undertakings and the fair value of the aggregate net assets acquired, is capitalised in the balance sheet and amortised through the profit and loss account on a straight line basis over 10 years.

Smallford Planters Limited and Cumnor Hill Garage Limited did not trade during the year and were liquidated on 6 January 1992, their accounts are not consolidated in the group financial statements and have been treated as though liquidation had taken place at the balance sheet date. Heidegger Engine Developments Limited has not been consolidated as it is in the process of being liquidated.

Associated undertakings are included in the balance sheet at equity valuation.

c. Turnover

Turnover comprises sales in the ordinary course of business to external customers for goods and services provided exclusive of value added tax.

d. Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value with an allowance for obsolete or slow moving items.

Work in progress comprises direct materials and direct labour and overheads based on the normal level of activity. Net realisable value is the price at which stock and work in progress can be sold in the normal course of business after allowing for costs of realisation and completion.

Stocks held on a consignment basis are excluded from the accounts.

e. Tangible fixed assets and depreciation

Depreciation is provided to write down the cost or valuation of tangible fixed assets over their estimated useful lives on the following bases:

Leasehold property	Over the period of the lease
Plant and equipment	12.5 or 20% straight line
Motor Vehicles	25% straight line

1. ACCOUNTING POLICIES (CONTINUED)

e. Tangible fixed assets and depreciation (continued)

Freehold properties are included in the financial statements on the basis of cost or open market value. No depreciation is provided in respect of freehold properties as it is the directors' opinion that the residual value of such properties, at the end of their estimated economic lives, will be at least equal to the amount at which they are currently shown in the financial statements. It is the Group's policy to maintain buildings in a good condition, thus maintaining their residual values. Freehold property owned by foreign subsidiary undertakings is depreciated in accordance with the prevailing accounting requirements.

f. Research and development

Research expenditure is written off in the year in which it is incurred.

Development expenditure, on projects which the directors consider to be commercially viable, is capitalised in the balance sheet as it is incurred and then written off over the estimated future economic life of the projects concerned. The expenditure is normally written off over two or three years from the date that the product of each project is available for sale and is based on the proportion of total forecasted sales that each particular project achieved during the financial year. Future expenditure to be incurred on such projects is taken into account in calculating the rate at which such expenditure is written off. Expenditure incurred on development rights is amortised over 10 years on a straight line basis.

g. Deferred taxation

Deferred taxation is provided using the full liability method except that no provision is made where there is reasonable probability that no liability will arise in the foreseeable future. No provision is therefore made on revaluation surpluses of certain freehold properties.

h. Foreign currency translation

Assets and liabilities denominated in foreign currencies and the financial statements of foreign subsidiary undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising in the consolidated accounts on the retranslation at closing rates of the Group's net investment in foreign subsidiary undertakings are recorded as a movement on reserves.

All other foreign currency transactions are translated into sterling at the average monthly rates of exchange and are dealt with through the profit and loss account.

i. Leased assets

Assets obtained under finance leases and lease purchase contracts are capitalised and depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

The costs of operating leases are charged to the profit and loss account as they accrue.

j. Associated undertakings

An associated undertaking is one in which the Group has a substantial interest held for the long term and upon whose commercial and financial policy decisions the Group exercises a significant influence.

2. TURNOVER AND PROFIT

The turnover and profit before taxation attributable to the different classes of the Group's business are:

	Turnover		Profit/(Loss) before taxation	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Automotive engineering division	56,007	42,461	7,538	6,347
Garages division	51,455	63,491	(1,947)	(2,337)
Industrial engineering division	2,986	2,662	(2,721)	(2,519)
Associated undertakings	-	-	191	1,245
	<u>110,448</u>	<u>108,614</u>	<u>3,061</u>	<u>2,736</u>

The turnover attributable to each of the Group's geographical markets is as follows:

	1991 £'000	1990 £'000
United Kingdom	92,978	97,362
Other EC Countries	5,619	1,321
United States of America	836	320
Other	11,015	9,611
	<u>110,448</u>	<u>108,614</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is arrived at after charging/(crediting):

	1991 £'000	1990 £'000
Depreciation - Owned assets	1,730	1,342
- Assets held under finance leases and hire purchase contracts	756	345
Amortisation of intangible assets - Goodwill	303	49
- Other assets	1,050	401
Amounts written off investments	114	-
Research and development expenditure	543	7
Loss/(Profit) on disposal of fixed assets	671	(683)
Operating lease rentals - Plant and machinery	315	380
- Land and buildings	493	425
Auditors' remuneration	180	155

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

4. EMPLOYEES

The average number of persons (including directors) employed by the Group was:

	1991	1990
Production staff	361	307
Sales and distribution staff	83	92
Administration staff	245	224
Research and development staff	54	41
	<u>743</u>	<u>664</u>

The costs in respect of these employees were:

	1991 £'000	1990 £'000
Wages and salaries	14,287	11,635
Social security costs	1,315	1,234
Pension costs	37	8
	<u>15,639</u>	<u>12,877</u>

5. DIRECTORS' EMOLUMENTS

The total emoluments of the directors of the holding company, in respect of their services, were £552,050 (1990 £313,964). The emoluments of the Chairman and highest paid director (excluding pension contributions) were £304,750 (1990 £183,750). Other directors' emoluments were within the ranges:

	1991 No.	1990 No.
£0 - £5,000	-	1
£25,001 - £30,000	-	1
£35,001 - £40,000	1	-
£95,001 - £100,000	1	1
£105,001 - £110,000	1	-
	<u>1</u>	<u>1</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1991 £'000	1990 £'000
Bank interest	-	87
Loan interest	-	22
	<u>-</u>	<u>109</u>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1991 £'000	1990 £'000
Bank overdrafts	2,424	3,178
Bank loans	526	617
Finance leases and stocking loans	1,502	1,898
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	4,452	5,693
	<hr/>	<hr/>

Note 17 to the financial statements provides information with regard to the repayment of loans and finance lease obligations.

8. TAXATION

Taxation is based on the profits for the year and comprises:

	1991 £'000	1990 £'000
Corporation tax at 33.25% (1990 34.25%) on taxable profit	51	1
Consortium relief payable	950	-
Deferred taxation	161	(57)
Overprovision for earlier years	(68)	(83)
	<hr/>	<hr/>
	1,094	(139)
Overseas taxation	52	400
	<hr/>	<hr/>
	1,146	261
Associated undertakings	15	275
	<hr/>	<hr/>
	1,161	536
	<hr/>	<hr/>

The tax charge for the year has been reduced by £525,000 (1990 £500,000) as a result of tax losses brought forward.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

9. EXTRAORDINARY ITEMS

	1991 £'000	1990 £'000
Expenditure relating to the rationalisation of costs of TWR Investments Limited prior to the disposal of its trade	-	392
Expenditure relating to the termination of the overseas activity of Heidegger Engine Developments Limited	-	140
	<u>-</u>	<u>532</u>

10. LOSS OF THE PARENT COMPANY

Of the Group profit before taxation, a profit of £4,603,000 (1990 loss of £2,147,000) has been dealt with in the accounts of the holding company. The Company has taken advantage of the exemption contained in s.230 of the Companies Act 1985 allowing it not to present its own profit and loss account.

11. INTANGIBLE ASSETS

	Research & Development £'000	Patents & Concessions £'000	Goodwill £'000	Total £'000
THE GROUP				
Cost				
At 1 January 1991	2,861	162	487	3,510
Additions	809	-	-	809
Disposals	(15)	(32)	-	(48)
Transfers to stock	(31)	-	-	(31)
Deconsolidation of subsidiary	-	(71)	-	(71)
Exchange differences	10	-	-	10
	<u>3,633</u>	<u>59</u>	<u>487</u>	<u>4,179</u>
At 31 December 1991	3,633	59	487	4,179
Amortisation				
At 1 January 1991	433	49	53	535
Amortisation during the year	1,042	6	303	1,351
Deconsolidation of subsidiary	-	(36)	-	(36)
Exchange differences	4	-	-	4
	<u>1,479</u>	<u>19</u>	<u>356</u>	<u>1,854</u>
At 31 December 1991	1,479	19	356	1,854
Net Book Value				
At 31 December 1991	2,154	40	131	2,325
At 31 December 1990	2,428	113	434	2,975

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

12. TANGIBLE ASSETS

	Freehold Property £'000	Leasehold Property £'000	Plant & Equipment £'000	Total £'000
THE GROUP				
Cost or Valuation				
At 1 January 1991	13,830	1,933	13,004	28,767
Additions	686	250	5,404	5,340
Disposals	(733)	(47)	(3,860)	(4,640)
Deconsolidation of subsidiary	-	-	(142)	(142)
Transfers to investments	-	-	(198)	(198)
Exchange differences	-	2	30	32
At 31 December 1991	13,783	2,138	14,238	30,159
Depreciation				
At 1 January 1991	41	156	3,157	3,354
Charge for the year	7	91	2,388	2,486
Disposals	-	(33)	(645)	(678)
Deconsolidation of subsidiary	-	-	(68)	(68)
Transfers to investments	-	-	(106)	(106)
Exchange differences	-	-	10	10
At 31 December 1991	48	214	4,736	4,998
Net Book Value				
At 31 December 1991	13,735	1,924	9,502	25,161
At 31 December 1990	13,789	1,777	9,847	25,413

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

12. TANGIBLE ASSETS (CONTINUED)

	Leasehold Property £'000	Plant & Equipment £'000	Total £'000
THE COMPANY			
Cost			
At 1 January 1991	98	5,265	5,363
Additions	26	3,504	3,530
Disposals	-	(2,113)	(2,113)
Group transfers	10	46	56
Transfers to investments	-	(198)	(198)
	<hr/>	<hr/>	<hr/>
At 31 December 1991	134	6,504	6,638
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 1991	8	668	676
Charge for the year	8	843	851
Disposals	-	(312)	(312)
Group transfers	2	18	20
Transfers to investments	-	(107)	(107)
	<hr/>	<hr/>	<hr/>
At 31 December 1991	18	1,110	1,128
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 December 1991	116	5,394	5,510
	<hr/>	<hr/>	<hr/>
At 31 December 1990	90	4,597	4,687
	<hr/>	<hr/>	<hr/>

LEASEHOLD PROPERTY

	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
The net book value of leasehold property comprises:				
Long leasehold	1,010	862	-	-
Short leasehold	914	915	116	90
	<hr/>	<hr/>	<hr/>	<hr/>
	1,924	1,777	116	90
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

12. TANGIBLE ASSETS (CONTINUED)

	Group	
	1991 £'000	1990 £'000
LEASEHOLD PROPERTY (CONTINUED)		
Leasehold property at cost or valuation is stated:		
At open market value by Messrs Dunning Burston and Associates, Chartered Surveyors of Bristol at 31st December 1989	1,126	1,126
At cost	1,012	807
	<u>2,138</u>	<u>1,933</u>
If stated under historical cost principles the comparable amounts for the total of leasehold property would be:		
Cost	1,455	1,250
Accumulated depreciation	(188)	(43)
	<u>1,267</u>	<u>1,207</u>
FREEHOLD PROPERTY		
Freehold property at cost or valuation is stated:		
At open market value by Messrs Dunning Burston and Associates, Chartered Surveyors of Bristol at 31st December 1989	4,889	5,622
At cost	8,894	8,208
	<u>13,783</u>	<u>13,830</u>
If stated under historical cost principles the comparable amounts for the total of freehold property would be:		
Cost	11,637	11,461
Accumulated depreciation	(48)	(41)
	<u>11,589</u>	<u>11,420</u>

All other tangible fixed assets are stated at historical cost.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
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12. TANGIBLE ASSETS (CONTINUED)

LEASED ASSETS

	1991 £'000	Group 1990 £'000	Company 1991 £'000	1990 £'000
Included in plant and equipment are assets held under finance leases and hire purchase contracts with net book value:	3,110	1,936	1,983	463

ASSETS IN THE COURSE OF CONSTRUCTION

Included in plant and equipment are assets in the course of construction with net book value £81,000 (1990 £401,000).

13. INVESTMENTS

	Motor Museum Vehicles £'000	Investment in Unconsolidated Subsidiary Undertakings £'000	Share of net assets of Associated Undertakings £'000	Unlisted Investments £'000	Total £'000
THE GROUP					
Cost or Valuation					
At 1 January 1991	10,403	799	3,650	200	15,052
Additions	5	11	100	200	316
Transfers to stock	(431)	-	-	-	(431)
Transfers from tangible assets	92	-	-	-	92
Write down of investments	-	(113)	-	-	(113)
Subsidiaries liquidated	-	(686)	-	-	(686)
Movement in share of net assets	-	-	176	-	176
At 31 December 1991	10,069	11	3,926	400	14,406

Details of material associated undertakings are as follows:

	Jaguarsport Ltd		Project XJ220 Ltd	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Intangible fixed assets	829	2,634	24,278	13,662
Tangible fixed assets	4,229	4,493	8,016	5,714
Total liabilities	6,950	6,696	35,123	18,954
Aggregate of share capital and reserves	7,841	6,649	(1,134)	292
Profit/(loss) after taxation	1,192	1,290	(1,426)	291

Unlisted investments include the Group's holding of 3.33% (1990 1.67%) of the issued share capital of Kel A/S, a company incorporated in Norway.

13. INVESTMENTS (CONTINUED)

THE COMPANY	Motor Museum Vehicles £'000	Subsidiary Undertakings £'000	Investment in Associated Undertakings £'000	Total £'000
Cost or Valuation				
At 1 January 1991	5,900	1,399	2,500	9,799
Additions	7	-	100	107
Group transfers	4,501	-	-	4,501
Transfers to stock	(431)	-	-	(431)
Transfers from tangible assets	92	-	-	92
Write down of investments	-	(114)	-	(114)
Liquidation of subsidiaries	-	(686)	-	(686)
At 31 December 1991	10,069	599	2,600	13,268

MOTOR MUSEUM VEHICLES

Motor museum vehicles and the histories attaching thereto are regularly revalued at open market value. The latest valuations were carried out by Duncan Hamilton & Co.(Byfleet) at 31 May 1990 and Christies, Mason and Woods Limited on 1 October 1990, independent experts and specialists in the field of performance vehicles.

	Group 1991 £'000	Group 1990 £'000	Company 1991 £'000	Company 1990 £'000
Motor museum vehicles at cost or valuation are stated at open market value on:				
31 May 1990	8,092	8,080	8,092	4,600
1 October 1990	1,300	1,300	1,300	1,300
At cost	677	1,023	677	-
	10,069	10,403	10,069	5,900
If stated under historical cost principles the comparable amounts for the total of motor museum vehicles at cost would be:	2,773	3,077	2,773	915
Included in motor museum vehicles are assets held under finance leases and hire purchase contracts with net book value:	4,225	5,937	4,225	3,100

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
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13. INVESTMENTS (CONTINUED)

SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS

The subsidiary undertakings and associated undertakings which, in the opinion of the directors, principally affected the results or net assets of the Group were:

	Percentage of nominal value of issued Ordinary shares held by		Effective % of capital held
	TWR Group Ltd	Subsidiaries	in Group
Automotive Engineering Division			
Tom Walkinshaw Racing Limited	-	100%	100%
TWR Special Vehicle Operations Limited	-	100%	100%
Advanced Structural Technology Limited	100%	-	100%
TWR Automotive Engineering Limited	100%	-	100%
Crailglade Limited	100%	-	100%
TWR Investments Limited	-	79%	79%
TWR Inc.			
- Incorporated in U.S.A.	100%	-	100%
TWR Australia Pty Limited			
- Incorporated in Australia	100%	-	100%
TWR Special Vehicle Operations Limited			
- Incorporated in Luxembourg	-	100%	100%
Premoso Pty Limited			
- Incorporated in Australia	-	100%	100%
Garages Division			
TWR Jaguar (Coventry) Limited	-	100%	100%
TWR Jaguar (Oxford) Limited	-	100%	100%
Swindon Mazda Limited	-	100%	100%
Prophets Garage Limited	-	100%	100%
Prophets (Gerrards Cross) Limited	-	100%	100%
Chariots (St. Albans) Limited	-	100%	100%
Shires (Coventry) Limited	-	100%	100%
Churchills (St. Albans) Limited	-	100%	100%
Oxford Mazda Limited	-	100%	100%
Manufactory House Leasing Limited	-	100%	100%
Industrial Engineering Division			
Compak Systems Limited	-	100%	100%
Track Marshall of Gainsborough Limited	-	100%	100%
Associated Undertakings			
Jaguarsport Limited			
- (Automotive Engineering)	50%	-	50%
Project XJ220 Limited			
- (Automotive Engineering)	50%	-	50%
West Swindon Garage Limited			
- (Garage), acquired 1 September 1991	50%	-	50%

Except where indicated all companies are registered in England and Wales.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

13. INVESTMENTS (CONTINUED)

UNCONSOLIDATED SUBSIDIARIES

For the reasons stated in note (1b), the results of Smallford Planters Limited, Cumnor Hill Garage Limited and Heidegger Engine Developments Limited have not been consolidated.

The cost of the investment together with the Group's share of net assets of each of these companies is detailed below:

	Cost		Share of net assets	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
Smallford Planters Limited	-	739	-	686
Cumnor Hill Garage Limited	-	60	-	-
Heidegger Engine Developments Limited	11	-	11	-
	<u>11</u>	<u>799</u>	<u>11</u>	<u>686</u>

In the opinion of the directors, the value of these investments is considered to be not less than £11,000 (1990 £686,000).

14. STOCKS

	Group		Company	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
Raw materials	140	26	10	-
Components and consumables	5,012	3,922	98	49
Work in progress	1,828	2,164	224	-
Stock for resale:				
- owned	10,654	7,711	2,080	-
- under finance lease and hire purchase contracts	817	1,208	115	-
	<u>18,451</u>	<u>15,031</u>	<u>2,527</u>	<u>49</u>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
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15. DEBTORS

	Group		Company	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
Trade debtors	4,485	6,819	310	79
Amounts owed by group undertakings	219	34	20,821	13,981
Amounts owed by associated undertakings	657	69	126	34
Corporation tax	283	283	-	-
Dividends	-	-	-	48
Other debtors	7,310	2,812	5,458	4,553
Prepayments and accrued income	1,783	2,264	813	58
	<u>14,737</u>	<u>12,281</u>	<u>27,548</u>	<u>18,753</u>

Included above are the following amounts due after more than one year:

Trade debtors	180	180	180	-
Amounts owed by group undertakings	-	-	6,151	-
	<u>-</u>	<u>-</u>	<u>6,151</u>	<u>-</u>

The Group amounts owed by group undertakings relate to unconsolidated subsidiaries.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
Commercial loan (see note 17)	308	268	-	-
Stocking loans (see below)	1,819	2,169	532	-
Bank loan (see note 17)	400	400	-	-
Bank overdrafts (see note 17)	18,407	19,283	11,610	4,556
Trade creditors	6,244	10,525	865	776
Amounts owed to group undertakings	2	531	12,287	11,249
Amounts due to associated undertakings	4,309	241	16	-
Other creditors	1,834	5,545	328	3,620
Corporation tax	137	72	1	1
Other taxation and social security	1,603	1,642	79	40
Accruals and deferred income	11,140	3,359	432	1,272
Obligations under finance leases and hire purchase contracts	2,232	2,710	1,430	1,264
	<u>48,435</u>	<u>46,745</u>	<u>27,580</u>	<u>22,778</u>

The Group amounts owed to group undertakings relate to unconsolidated subsidiaries.

STOCKING LOANS

The stocking loans are guaranteed by T W R Group Limited.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

17. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

	Group		Company	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
Commercial loan	695	1,003	-	-
Bank loan	3,052	3,200	-	-
Long term loans	60	269	60	-
Amounts owed to subsidiary undertakings	-	-	8,679	-
Obligations under finance leases and hire purchase contracts	4,097	4,525	3,577	4,135
	<u>7,904</u>	<u>8,997</u>	<u>12,316</u>	<u>4,135</u>

COMMERCIAL LOAN

The commercial loan is repayable over the next three years by half yearly repayments of £366,000. Interest is payable on the loan at 3% above clearing bank base rate.

BANK LOANS AND OVERDRAFT

The bank loan is repayable in instalments. At 31st December 1991, £1,200,000 (1990 £1,600,000) is due after more than five years. The loan bears interest at a flexible rate over LIBOR.

Bank loans and overdrafts are secured by both a fixed charge over the freehold properties of the Group and by a floating charge over all the assets of the Group. The bank also holds an unlimited cross guarantee between all companies in the Group, supported by a fixed charge on book debts and a floating charge over all the assets of the Group.

LONG TERM LOANS

The long term loans represent loans from oil companies £60,000 (1990 £nil), and loans from minority shareholders in TWR Investments Limited £nil (1990 £215,572) and Heidegger Engine Developments Limited £nil (1990 £53,900) and are interest free and repayable within the second to fifth years inclusive.

OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

All amounts included within creditors falling due after more than one year are repayable within the second to fifth years inclusive.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
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18. PROVISIONS FOR LIABILITIES AND CHARGES

DEFERRED TAXATION

	Group £'000	Company £'000
Movement in year		
At 1 January 1991	378	-
Charge for the year	161	320
	<hr/>	<hr/>
At 31 December 1991	539	320
	<hr/>	<hr/>
Provision at year end		

As explained in note (1g), provision is made for taxation liabilities arising from the allocation of items to different accounting periods for taxation and for accounting purposes, except where it is probable that the liability will not crystallise. No deferred taxation has been provided on earnings retained by overseas subsidiary undertakings. The source of the balance on the deferred taxation account and the amounts for which provision has not been made are as follows:

	Provided		Unprovided	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
THE GROUP				
Capital allowances in excess of depreciation	659	378	239	1,300
Surplus on revaluations and capital gains	-	-	1,467	1,600
Losses carried forward	(120)	-	(561)	(460)
	<hr/>	<hr/>	<hr/>	<hr/>
	539	378	1,145	2,440
	<hr/>	<hr/>	<hr/>	<hr/>
THE COMPANY				
Capital allowances in excess of depreciation	440	-	-	-
Short term timing differences	-	-	-	-
Losses carried forward	(120)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	320	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

19. SHARE CAPITAL

	1991 £'000	1990 £'000
AUTHORISED		
1,000,000 Ordinary Shares of £1 each	1,000	1,000
	<hr/>	<hr/>
ALLOTTED AND FULLY PAID		
250,000 Ordinary shares of £1 each	250	250
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

20. RESERVES

	Profit and Loss Account £'000	Capital Reserve £'000	Revaluation Reserve £'000	Translation Reserve £'000	Total £'000
THE GROUP					
At 1 January 1991	6,137	83	10,757	6	16,983
Retained profit for the year	1,900	-	-	-	1,900
Eliminated on disposals	-	-	(267)	-	(267)
Exchange movement for the year	19	-	-	33	52
Deconsolidation of subsidiary	167	-	-	(12)	155
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1991	8,223	83	10,490	27	18,823
THE COMPANY					
At 1 January 1991	1,141	-	4,986	-	6,127
Retained profit for the year	1,574	-	-	-	1,574
Eliminated on disposals	-	-	(30)	-	(30)
Group transfers	-	-	2,340	-	2,340
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1991	2,715	-	7,296	-	10,011
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Group's share of post acquisition accumulated reserves of material associated under linkings at 31st December 1991 is £1,326,000, (1990 £970,000). The profit therein for the year is £176,000, (1990 £791,000).

There are continuing restrictions on the distribution of cumulative retained profits of Jaguarsport Limited at 31st December 1989. Accordingly the Group's share of £179,500 (1990 £179,500) of these profits can not considered distributable.

21. CAPITAL COMMITMENTS

	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Contracted for but not provided in the accounts	43	122	2	-
Authorised but not contracted for	92	-	29	-
	<hr/>	<hr/>	<hr/>	<hr/>

22. CONTINGENT LIABILITIES

T W R Group Limited and certain of its subsidiary undertakings have, in the ordinary course of business, entered into indemnity and guarantee agreements in favour of third parties the total value of which at 31st December 1991 was £302,000 (1990 £315,000). The Company also has given guarantees in connection with banking facilities granted to subsidiary undertakings the value of which as at 31st December 1991 was £280,000 (1990 £325,000).

Certain subsidiary undertakings hold new vehicle stocks on a consignment basis, and in the event of the stockholding period exceeding 180 days the undertakings become liable for the full value of the vehicles. At 31st December 1991, the value of new vehicle stock held on a consignment basis was £1,268,000 (1990 £2,787,000).

In the normal course of business, companies in the Group entered into forward contracts of foreign currency. At 31st December 1991 the value of such forward contracts was £1,898,000 (1990 £3,628,000).

23. OPERATING LEASE COMMITMENTS

At 31st December 1991 there existed annual commitments under non-cancellable operating leases as set out below:

	Land & Buildings		Other	
	1991	1990	1991	1990
	£'000	£'000	£'000	£'000
GROUP				
Operating leases which expire:				
Within one year	-	-	129	71
In the second to fifth years	822	-	192	177
Over five years	422	405	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
COMPANY				
Operating leases which expire:				
Within one year	-	-	2	-
In the second to fifth years	750	-	-	-
Over five years	147	107	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED

and subsidiary companies

24. POST BALANCE SHEET EVENTS

- a. On 9th April 1992, TWR Group Ltd entered into a joint venture with Silverstone Circuits Ltd. The joint venture was brought about by the formation of Silverstone Motor Group Ltd in which the shareholdings are as follows:

	Ordinary Shares of £1 each	Non-Voting Preference Shares of £1 each
TWR Group Ltd	500,001	1,200,000
Silverstone Circuits Ltd	499,999	2,000,000

TWR Group Ltd acquired its shares in Silverstone Motor Group Ltd in exchange for a reduction in indebtedness of £500,000 due from, and 100% of the share capital of the following companies:

TWR Jaguar (Coventry) Limited
TWR Jaguar (Oxford) Limited
Prophets Garage Limited
Prophets (Gerrards Cross) Limited
Chariots (St Albans) Limited
Shires (Coventry) Limited
Churchills (St. Albans) Limited
Oxford Mazda Limited

Silverstone Circuits Ltd acquired its shares in Silverstone Motor Group Ltd in exchange for £5,000,000 cash.

The cash available to Silverstone Motor Group Ltd post completion was partially used to pay off the bank overdrafts of its subsidiaries as well as release them from cross guarantees with Royal Bank of Scotland plc. As a result, Silverstone Motor Group Ltd commenced operations on 9th April 1992 with no bank borrowings and with surplus cash available for future growth and acquisition.

In the opinion of the directors, Silverstone Motor Group Ltd has sufficient resources not only for its immediate working capital needs but also to fund its planned growth strategy.

The effect of this transaction on the Group was to reduce its total indebtedness to Royal Bank of Scotland plc by £2,100,000 as well as enhancing shareholders' funds.

- b. On 9th October 1992, the authorised share capital of the Company was increased to £8,000,000. On the same date the Company issued 31 bonus £1 Ordinary shares for each Ordinary share in issue. This bonus issue was made from distributable reserves by way of issuing £7,750,000 of new shares.

24. POST BALANCE SHEET EVENTS (CONTINUED)

c. On 30th November 1992:

The authorised share capital of the Company was further increased to £16,000,000.

21, Investimenti UK Ltd, a wholly owned subsidiary of Edizione Holdings SpA, acquired 7,999,999 new £1 Ordinary shares in exchange for £7,999,999 cash consideration.

Mr T D T Walkinshaw acquired one new £1 Ordinary shares in exchange for £1 cash consideration.

The Company issued £4,000,000 convertible loan stock to 21, Investimenti UK Ltd at par for cash consideration. The loan stock is convertible into non-voting Ordinary shares subject to the Company achieving agreed future profit targets.

The proceeds of the share issue were applied in further reducing the Company's bank overdraft and therefore its overall gearing.

In the opinion of the directors, this inward investment will not only provide sufficient working capital for the foreseeable future but will also enable the Group to fulfil its medium term plans.

21, Investimenti UK Ltd have indicated that further finance by way of credit lines could be available to the Company to fund future acquisitions.

d. On 30th November 1992, Royal Bank of Scotland plc provided TWR Group Ltd with a term loan facility of £10,000,000 repayable over six years following a one year capital holiday. This term loan was applied in reducing the Group's bank overdraft as well as repaying the existing term loan. Royal Bank of Scotland plc have also confirmed an ongoing overdraft facility for the Group of up to £6,800,000.

In the opinion of the directors, the bank facilities agreed with Royal Bank of Scotland plc are more than adequate to meet the Group's immediate and medium term requirements.

The pro forma balance sheet set out on the following page is produced for the purposes of illustration only to show the impact of the post balance sheet events on the Group's net worth and gearing. It has been produced as if the transactions had taken place at 31st December 1991 and not at the actual dates detailed above. The adjustments made in arriving at the pro forma balance sheet pertain only to the transactions described above.

Included in the pro forma balance sheet, within creditors falling due within one year, are bank overdrafts of £18,407,000 at 31st December 1991 in respect of UK based companies. This overdraft is reduced to £nil in the pro forma balance sheet as a result of the above transactions.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31 December 1991

TWR GROUP LIMITED
and subsidiary companies

24. POST BALANCE SHEET EVENTS (CONTINUED)

Pro forma consolidated balance sheet showing the effect of the post balance sheet restructuring detailed above.

	Actual	Adjustments		Pro forma
	(a)	(b) & (c)	(d)	
	£'000	£'000	£'000	£'000
FIXED ASSETS				
Intangible assets	2,325	-	-	2,325
Tangible assets	25,161	-	-	25,161
Investments	14,406	-	-	14,406
	41,892	-	-	41,892
CURRENT ASSETS				
Stocks	18,451	-	-	18,451
Debtors	14,737	-	-	14,737
Cash at bank and in hand	871	2,955	3,164	6,990
	34,059	2,955	3,164	40,178
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(48,435)	1,963	8,836	(30,436)
NET CURRENT (LIABILITIES)/ASSETS	(14,376)	4,918	12,000	9,742
TOTAL ASSETS LESS CURRENT LIABILITIES	27,516	4,918	12,000	51,634
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	(7,904)	-	(4,000)	(19,104)
PROVISIONS FOR LIABILITIES AND CHARGES	(539)	-	-	(539)
	19,073	4,918	8,000	31,991
CAPITAL AND RESERVES				
CALLED UP SHARE CAPITAL	250	-	15,750	16,000
RESERVES	18,823	2,470	(7,750)	13,543
MINORITY INTERESTS	-	2,448	-	2,448
	19,073	4,918	8,000	31,991

REPORT OF THE AUDITORS
To the members of T W R Group Limited

TWR GROUP LIMITED
and subsidiary companies

We have audited the financial statements on pages 8 to 32 in accordance with auditing standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st December 1991 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with Companies Act 1985.

C Cook and Partners

COOK AND PARTNERS
Chartered Accountants

30th November 1992

DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

T D T Walkinshaw (Chairman)
A J Gibson
R S Silman
S Fernback
A Benetton
F Briatore
M Masetti
G Frassini

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